

111TH CONGRESS
1ST SESSION

H. R. 1801

To amend the Internal Revenue Code of 1986 to impose a 70 percent tax on certain compensation received from certain companies receiving Federal bailout funds.

IN THE HOUSE OF REPRESENTATIVES

MARCH 30, 2009

Mr. SHERMAN (for himself, Ms. KAPTUR, Mr. FILNER, Mr. KUCINICH, and Mr. DEFAZIO) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to impose a 70 percent tax on certain compensation received from certain companies receiving Federal bailout funds.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TAX ON CERTAIN COMPENSATION RECEIVED**
4 **FROM CERTAIN COMPANIES RECEIVING**
5 **BAILOUT FUNDS.**

6 (a) IN GENERAL.—Subchapter A of chapter 1 of the
7 Internal Revenue Code of 1986 is amended by adding at
8 the end the following new part:

1 **“PART VIII—CERTAIN COMPENSATION RECEIVED**
 2 **FROM CERTAIN COMPANIES RECEIVING**
 3 **BAILOUT FUNDS**

“Sec. 59C. Certain compensation received from certain companies receiving
 bailout funds.

4 **“SEC. 59C. CERTAIN COMPENSATION RECEIVED FROM CER-**
 5 **TAIN COMPANIES RECEIVING BAILOUT**
 6 **FUNDS.**

7 “(a) IN GENERAL.—In the case of any employee (or
 8 former employee) of a bailout recipient, there is hereby
 9 imposed (in addition to any other tax imposed by this sub-
 10 title) a tax equal to 70 percent of the amount of excess
 11 compensation received by the taxpayer during the taxable
 12 year from any relevant employer.

13 “(b) EXCESS COMPENSATION.—For purposes of this
 14 section—

15 “(1) IN GENERAL.—The term ‘excess com-
 16 pensation’ means the value of all property paid or
 17 transferred to the employee during the taxable year
 18 (including any loan that is not reasonably secured)
 19 which is in excess of \$1,000,000.

20 “(2) EXCEPTIONS.—Such term shall not in-
 21 clude any of the following:

22 “(A) Any amount returned by the em-
 23 ployee to the employer within 60 days of receipt
 24 thereof or within 60 days of the enactment of

1 this Act, whichever is later. Any amount re-
2 turned under this subparagraph shall also be
3 excluded from the definition of gross income.

4 “(B) To the extent explicitly allowed by
5 any regulation adopted by the Secretary, shares
6 of common stock of the employer (or any affil-
7 iate thereof) but only if the employee is re-
8 quired to hold such shares until the date on
9 which the employer ceases to be a relevant em-
10 ployer.

11 “(C) Any amount received before the em-
12 ployer became a relevant employer or after the
13 employer ceases to be a relevant employer,
14 whether or not for services provided during the
15 period when the employer was classified as a
16 relevant employer, but this provision shall not
17 apply if the payment is made out of assets
18 which were held in trusts, or otherwise made
19 unavailable to the claims of general creditors.

20 “(D) Any commission received by a com-
21 missioned sales person. For purposes of this
22 subparagraph, a commission is an amount of
23 compensation payable determinable solely by
24 reference to the products sold by the commis-
25 sioned sales person through direct interaction

1 with purchasers. For purposes of this subpara-
2 graph, a commissioned sales person is a person
3 who receives commissions, who spends the ma-
4 jority of their work time selling products di-
5 rectly to purchasers, and who is not one of the
6 persons defined in Rule 16a1–(f) promulgated
7 under the Securities Exchange Act of 1934.

8 “(3) SPECIAL RULES FOR CERTAIN TRUSTS.—

9 In the event that a relevant employer puts funds for
10 the benefit of an employee, or a class of employees,
11 in a trust fund (other than a qualified deferred com-
12 pensation plan) or other device, which fund is ex-
13 empt from the claims of the relevant employer’s gen-
14 eral creditors, it shall be deemed paid to the employ-
15 ees for whom it is being held.

16 “(c) RELEVANT EMPLOYER.—For purposes of this
17 section, the term ‘relevant employer’ means any entity (in-
18 cluding any subsidiary or affiliate of such entity) that has
19 received, in the aggregate, more than \$500,000,000 pur-
20 suant to title I of the Emergency Economic Stabilization
21 Act of 2008 or pursuant to section 1117 of the Housing
22 and Economic Recovery Act of 2008, regardless of wheth-
23 er such funds are received in return for any class of securi-
24 ties of the employer or any other asset. An employer

1 ceases to be a relevant employer when it has fully repaid
2 to the Federal Government all such funds.

3 “(d) REGULATIONS.—The Secretary shall prescribe
4 such regulations or other guidance as may be necessary
5 or appropriate to carry out the purposes of this section.”.

6 (b) CLERICAL AMENDMENT.—The table of parts for
7 subchapter A of chapter 1 of such Code is amended by
8 adding at the end the following new item:

“PART VIII—CERTAIN COMPENSATION RECEIVED FROM CERTAIN
COMPANIES RECEIVING BAILOUT FUNDS”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to compensation received after De-
11 cember 31, 2007, in taxable years ending after such date.

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